

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 COME-00 TRSE-00 STR-08 CIAE-00

INR-11 NSAE-00 RSC-01 DOTE-00 CIEP-03 OMB-01 /061 R

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R 270016Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

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E.O.11652: N/A

TAGS: ETRD, ETRN, UK

SUBJECT:REPRESENTATIONS TO HMG RE ROLLS ENGINE FOR

BOEING 747

REFS: (A)LONDON 8769; (B)LONDON 9466

1. AS PREDICTED IN REFTL, PRATT AND WHITNEY OFFICIALS APPROACHED DEPARTMENT JULY 22 WITH REQUEST THAT USG ATTEMPT DISSUADE HMG FROM MAKING PURCHASE OF NEW BOEING 747'S CONDITIONAL UPON AIRCRAFTS BEING FITTED WITH UPGRADED RB-211 WHETHER OR NOT JUSTIFIED ON COMMERCIAL GROUNDS. WHILE NOTING EMBASSY'S PESSIMISTIC ASSESSMENT OF POSSIBILITY OF INFLUENCING ANY SUCH HMG DECISION, DEPARTMENT BELIEVES LOW-KEY, OFFICIAL EXPRESSIONS TO DTI AND ANY OTHER APPROPRIATE MINISTRIES OF US CONCERN IS IN ORDER IN KEEPING WITH OUR BASIC CONCERN RE DISCRIMINATORY GOVERNMENT PURCHASING POLICIES.

2. DEPARTMENT HAS ADVISED BOEING AND GE OF ACTION BEING
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TAKEN. BOTH GE AND BOEING SUPPORTED USG EFFORTS ENSURE THAT

ANY BRITISH AIRWAYS CHOICE OF ENGINE FOR NEW 747'S WOULD BE BASED ON COMMERCIAL GROUNDS. HOWEVER, BOEING ADDED IT UNDERSTOOD BRITISH AIRWAYS WAS INTERESTED IN HAVING SAME ENGINE FOR BOTH ITS 1011 (POWERED BY RB-211) AND NEW VERSION 747 FLEETS AND FAVORED UPGRADED RB-211 ON THIS GROUND. UNDER CIRCUMSTANCES, DEPARTMENT BELIEVES IT IS ADVISABLE TO FOCUS EXPRESSION OF CONCERN ON REPORTS THAT BRITISH AIRWAYS MIGHT

REQUIRE USE OF ROLLS ENGINES IN 747'S IF IT PURCHASES ON OTHER THAN COMMERCIAL GROUNDS.

3. ACCORDINGLY, EMBASSY IS REQUESTED TO MAKE FOLLOWING POINTS AT APPROPRIATE LEVEL:

(A) THE U.S. GOVERNMENT NOTES WITH INTEREST REPORTS THAT HMG IS NEAR A DECISION ON FUNDING SUPPORT FOR THE DEVELOPMENT OF A HIGH-THRUST ROLLS ROYCE RB-211 ENGINE FOR USE IN BOEING 747 AIRCRAFT. THE USG IS CONCERNED HOWEVER BY REPORTS THAT FURTHER PURCHASES OF THE 747 AIRCRAFT BY BRITISH AIRWAYS, A STATE-OWNED CONCERN, WOULD BE CONDITIONED UPON THE INSTALLATION OF ENGINES PRODUCED BY ROLLS ROYCE, ON OTHER THAN COMMERCIAL GROUNDS.

(B) SUCH AN ACTION ON THE PART OF BRITISH AIRWAYS WOULD BE CONTRARY TO WHAT THE USG UNDERSTANDS TO BE HMG POLICY REGARDING OFFICIAL PURCHASES, NAMELY THAT, WITH THE NOTABLE EXCEPTION OF COMPUTERS, HMG EXPECTS PURCHASING DEPARTMENTS TO BE GUIDED GENERALLY BY NORMAL COMMERCIAL CONSIDERATIONS. SUCH AN ACTION WOULD HAVE SERIOUS REPERCUSSIONS ON U.S. ENGINE MANUFACTURERS NOW SUPPLYING ENGINES FOR THE 747, ON A COMPETITIVE COMMERCIAL BASIS.

(C) THE USG TRUSTS THAT, IF AND WHEN HMG COMES TO A DECISION TO DEVELOP AN UPGRADED RB-211, IT WILL INDEED BASE THE DECISION ON ITS STATED POLICY OF NONDISCRIMINATION IN PURCHASES BY STATE-CONTROLLED ENTITIES AND NOT USE

SUCH PURCHASES AS A MEANS OF SUBSIDIZING THE SALES OF THE NEW ENGINE. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, AIRCRAFT ENGINES, BOEING 747, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE163824
Document Source: CORE
Document Unique ID: 00
Drafter: RWINSTANLEY:CLJ
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740204-0837
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740711/aaaaajou.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A)LONDON 8769; (B)LONDON 9466
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jul-2001 by kellerpr>; APPROVED <27 FEB 2003 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ETRD, ETRN, UK, US, ROLLS ROYCE
To: LONDON
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005